Who Really Owns Fossil Fuels — and What Happens to the Money

The vested interests, the numbers, and whether the money can move without anyone losing out.

The one-line answer

Very few UK people own oil and gas **directly**. The real grip fossil fuels have on Britain runs through **pensions and, above all, dividends** — two oil majors pay roughly £1 in every £8 of all FTSE 100 dividend income, so millions have a stake without ever choosing one. And the evidence says that money *can* move to cleaner ground without a systematic loss — the bigger financial risk is staying.

1. How many people directly invest — and how much

Direct retail ownership is the **small** end of the story. UK individuals directly hold just **11.6% of all UK quoted shares — £295 billion** (ONS, 2024 data, published Jan 2026). The rest is owned by overseas investors (~59%) and pooled institutions. Of that direct slice, holdings specifically in Shell and BP are roughly **£20–30 billion** — and that's a derived estimate, not a reported figure, because most people who do own these shares hold them through nominee/ISA accounts that don't show up as individual names.

The much bigger exposure is **indirect**, through pensions you didn't pick: about **£88 billion of UK pension money sits in fossil fuels — roughly £3,000 per saver** (Make My Money Matter, 2023 estimate). Shell and BP are giants — combined market value around **£270–310 billion**, with Shell the third-largest company in the FTSE 100 — so they sit in virtually every tracker and pension fund in the country.

So when people say "I'm invested in fossil fuels," it's almost never a deliberate share purchase — it's their pension default and the index funds inside it.

2. The real vested interest: dividends

This is the heart of it. Shell and BP aren't just big — they're two of the biggest **cash machines** in the UK market:

Company	2025 dividend	Rank among FTSE 100 payers
Shell	£6.3bn	2nd biggest
BP	£3.8bn	Joint 4th biggest
Shell + BP combined	**~£10.1bn**	**~12.5% of ALL FTSE 100 dividends**

That's roughly **£1 in every £8** of FTSE 100 dividend income coming from just two oil companies (AJ Bell, Dec 2025). UK income funds, equity-income trusts and the income side of pensions have leaned on these payouts for decades. *That* is why so many people — pensioners especially — have a real financial stake in oil dividends continuing, and why the industry has such a powerful constituency defending it.

3. The other vested interests putting a spanner in the works

- **The giant asset managers.** BlackRock, Vanguard and State Street manage around **$25 trillion combined** and are top-three shareholders in nearly every oil major. In 2024–25 all three **quit the main climate-investor alliances** (Net Zero Asset Managers, Climate Action 100+) — driven largely by US political and legal pressure, including a lawsuit from Texas and Republican states.
- **Lobbying.** The five biggest oil majors spent over **$1 billion on climate-related lobbying and branding** in the three years after the Paris Agreement, and an estimated ~$115m a year on obstructive climate-policy influence (InfluenceMap).
- **Government revenue.** The UK Treasury collected **£4.4 billion** in North Sea oil & gas taxes in 2024–25 (incl. the windfall Energy Profits Levy) — real money it would need to replace.
- **Jobs.** Oil & gas supports around **120,500 UK jobs directly and indirectly (up to ~206,000 including knock-on jobs)** — and about 1 in 30 jobs in Scotland (OEUK, 2024). A genuine community interest, not just a corporate one.

4. What plausibly happens to this money: stranded assets

Here's the risk the industry doesn't advertise. If the world takes climate targets seriously, a large share of fossil reserves can never be burned — which means the companies sitting on them are **overvalued**. The numbers:

- **Up to 60–80% of listed fossil-fuel reserves are "unburnable"** under a 2°C limit — the original "carbon bubble" finding (Carbon Tracker, 2011–13).
- **The IEA says no new oil and gas fields are needed** in a net-zero pathway (Net Zero by 2050, 2021; reaffirmed 2023).
- **Over $1 trillion of upstream oil & gas value could be "stranded"** — and a peer-reviewed study (Nature Climate Change, 2022) found those losses fall *mostly on OECD pension-holders*. In other words, ordinary savers carry the risk.
- **It has happened before.** Coal giant Peabody Energy went from a ~$19.7bn company (2011) to ~$38m and bankruptcy (2016) — a ~99% wipeout. Stranding isn't theoretical.

Even the Bank of England flagged this a decade ago: in 2015 its governor warned fossil assets risk being "stranded" and "dramatically overvalued… on pension fund portfolios." So the money people think is safe in oil is carrying a hidden, building risk.

5. Can the money transition without people losing out?

On the weight of the evidence: **largely yes — if it's managed and phased — but not automatically, and not equally for everyone.**

- **Going green hasn't systematically cost returns.** Over the long run, fossil-free indices have performed broadly in line with or above their parent indices. The effect is roughly neutral and period-dependent — not a consistent penalty.
- **But 2022 was a real exception.** When oil prices spiked after Russia invaded Ukraine, energy stocks soared and ESG funds underperformed sharply. Honesty matters here: there are years fossil fuels win.
- **The money has somewhere to go.** Clean energy already attracts about **$2 of investment for every $1 in fossil fuels** — $2.2 trillion vs $1.1 trillion in 2025 (IEA). Capital leaving oil isn't stranded; it has a large, growing home.
- **Staying is itself the risk.** Under any credible net-zero path, the bigger danger to a pension is being over-exposed to assets that get stranded — which is exactly what "do nothing" leaves you holding.

For the people genuinely exposed — pensioners living on oil dividends, oil workers, oil-dependent regions and the Treasury — "not losing out" is possible but requires **deliberate effort**: spreading dividend income across renewables, utilities and broad equity income; just-transition funds that reskill workers and diversify local economies; and replacing fossil tax revenue with the tax base of the clean-energy economy and carbon pricing. It doesn't happen by accident — which is the honest core of the "just transition" debate.

Bottom line

The "vested interest" in fossil fuels isn't mainly millions of people choosing to buy oil shares — it's a structure: pensions invested by default, an income system addicted to two big dividend payers, a handful of $25-trillion asset managers, and the jobs and taxes that depend on the sector. That's the spanner in the works. But the financial case for staying is weaker than it looks — the assets carry real stranding risk, the cleaner alternatives have matched returns over time, and the capital already has a bigger, faster-growing destination. The money *can* move; the fight is over who organises the transition, and how fairly.

Sources: ONS Ownership of UK Quoted Shares (2024, Jan 2026); AJ Bell Dividend Dashboard (Dec 2025); Make My Money Matter Fossil Fuels in UK Pensions (2023); Carbon Tracker (2011–13); IEA Net Zero by 2050 (2021) & World Energy Investment 2025; Nature Climate Change (2022); Bank of England / Carney (2015); InfluenceMap; HMRC/OBR North Sea revenues (2025); Offshore Energies UK (2024); ESG Dive / Morningstar / S&P DJI. Flags: exact Shell/BP individual-shareholder counts and the £20–30bn direct-holdings figure are estimates (not published); £88bn/£3,000 pension figures and some stranded-asset totals are model/campaign estimates; the divest-vs-engage debate is genuinely unresolved. General information, not financial advice; past performance does not predict future results.